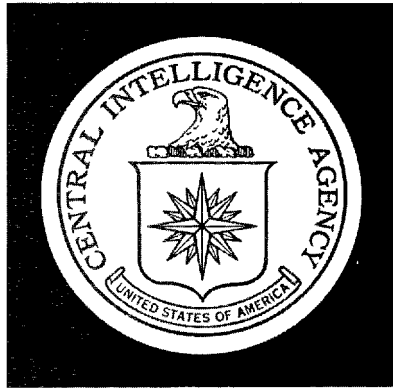


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**[** Czechoslovakia-USSR: Czechoslovak party leader Dubcek has restated his commitment to the new course he began in January and has appealed for domestic calm as well as international Communist support.

In a nationwide television address yesterday, Dubcek said, "We do not wish to yield anything at all of the principles which we have already expressed." He explained the party leadership's decision to reject pressures for a retreat, but said Czechoslovakia had no intention of leaving the Communist camp. Dubcek reiterated that despite attacks from the extreme left and right wings of the Czechoslovak political spectrum, the party retained the allegiance of the majority. He asked the Soviets and others for understanding, implying that abandonment of his course was impossible in the present situation.

Against the advice of many liberals, Dubcek has called a meeting of the Czechoslovak party central committee for today to ratify the leadership's stand. In order to ensure that conservative committee members do not dominate the proceedings, Dubcek has packed the meeting by inviting as participants the predominantly liberal or moderate people who were recently elected delegates to the party congress in September. The autonomous Slovak party central committee met yesterday to consider whether to convene a special party congress immediately. The aim of such a congress might be to oust conservatives and to elect a new liberal-moderate central committee.

Even before Dubcek's speech, messages of support were pouring into Prague from around the country, expressing approval of the party presidium's reply to the Soviets, East Germans, Poles, Bulgarians, and Hungarians.

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[The leadership is receiving support from other European parties. According to the Czechoslovak Press Agency, Yugoslav President Tito, Rumanian party chief Ceausescu, and representatives of the French and Italian parties will arrive in Prague today.

There may have been some discussion on the subject yesterday in Moscow between the Czechoslovak ambassador and the Soviet party's secretary for relations with foreign parties. A hint of possible economic pressure was contained in a TASS announcement that on the same day Soviet Premier Kosygin had a "friendly" talk on economic cooperation with Czechoslovak deputy Premier Hamouz, who is in Moscow attending an executive committee meeting of the Council for Mutual Economic Assistance. [REDACTED]

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France: The Communist Party's concern for its declining position at home probably accounts for its increasing dissatisfaction with Soviet policy.

Distrust of the Soviet Union within the French party, which has previously been one of Moscow's strongest and staunchest supporters, has increased since the French domestic crisis in May. Central committee members apparently feel that Moscow was too easy on De Gaulle during the crisis when he was most vulnerable.

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The French party believes that Moscow does not understand the European-wide revolt of youth which so seriously troubled the party in May. It even hopes that the Soviet Union will soon be sobered by its own student problems.

The French party also fears that the Soviets may take drastic action in Czechoslovakia. Party leaders believe that the domestic image of the party--which lost over 50 percent of its parliamentary seats in the June elections--would be further damaged as a result of such a Soviet move. Secretary General Waldeck-Rochet, who before the May crisis had resisted demands of party intellectuals to support Prague, reportedly now believes that Soviet intervention might be fatal for the French party.

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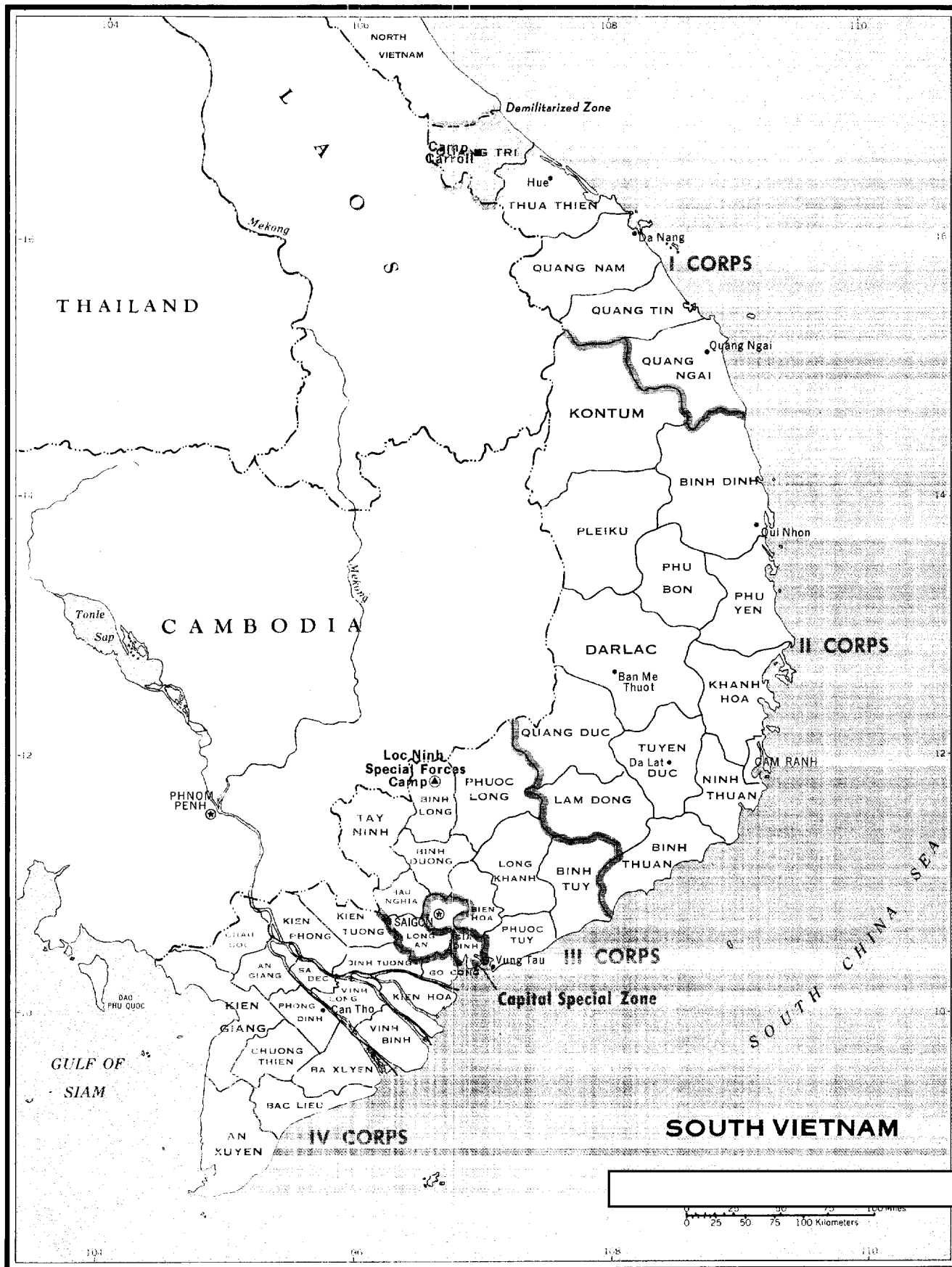
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[South Vietnam: Scattered clashes were reported on 17 and 18 July near the Demilitarized Zone and the Cambodian border north of Saigon.

In Quang Tri Province, several skirmishes have developed in the past two days from US Marine operations north of Camp Carroll, resulting in at least 77 enemy killed. In northern III Corps US troops yesterday fought near Loc Ninh with an enemy force identified as the North Vietnamese 32nd Regiment, previously based in the central highlands.

\* \* \* \*

Debate seems to be growing in Saigon over the possible role of the Communists in South Vietnam's political future. The Lower House of the National Assembly sent a set of recommendations to President Thieu, prior to his departure for Honolulu, for holding the line against any future concessions to the Communists. Ousted cabinet minister Phan Quang Dan told the US Embassy he felt the assembly's "extremist" views created an impression of opposition to any peaceful settlement and served to keep the non-Communist forces divided.

At a press conference on 17 July, a leader of a newly formed "opposition" party stated that, while his group opposed allowing the National Liberation Front to participate in the country's political life, this might become necessary as a "matter of harsh reality."

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Nonproliferation Treaty: Dissatisfaction with the treaty may be a prominent theme at the conference of nonnuclear nations next month, despite the preparatory committee's efforts to achieve a "balanced" agenda.

A working group of the preparatory committee for the conference--scheduled to meet in Geneva on 29 August--has drafted an agenda on which the most important questions are those of security assurances and access by nonnuclear countries to peaceful uses of nuclear energy. The nonnuclear countries want further clarification of the security assurances already given by the nuclear powers, specifically with regard to nuclear aggression. They are also concerned as to whether the US, UK, and USSR consider the UN Security Council resolution on assurances an "obligation" of general application as opposed to one aimed solely at Communist China. The possibility that in a nuclear crisis the Security Council might be paralyzed by a veto will also receive attention.

The conference was conceived as a forum for nonnuclear countries on all matters related to nuclear uses and disarmament, and it may be used by some countries to justify their refusal to sign the NPT.



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Brazil: President Costa e Silva has made clear that if new disorders occur, he will use the armed forces and declare a state of siege.

In a statement released after the second National Security Council meeting in less than a week, the President also appealed to the press to exercise greater responsibility and stop maligning the administration--a sign that communications media might be a principal target of any government action. Military and civilian "hard liners" have urged such action, but the President has hesitated, fearing that it would lead to more authoritarian government.

Costa e Silva and most council members reportedly believe that there is a Communist plot to overthrow the government and that in fact Brazil is now in the early stages of Communist-directed revolutionary warfare. If this indeed is their view, it reflects an unwillingness to recognize that much of the problem stems from the government's failure to provide effective leadership and to institute needed reforms.

The President said the ban on student demonstrations and rallies will continue. The government has reportedly decided to make some changes in the educational system--charging tuition and reducing vacations from three months to one--but these are hardly what the students have demanded. Past attempts to charge tuition have caused widespread student dissatisfaction, and the new ruling could well serve as the focal point for further demonstrations when schools reopen next month.

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NOTES

25X1 USSR: For the past month the USSR has maintained its Mediterranean squadron at about 28 ships, the lowest monthly average since the Arab-Israeli war a year ago. Activity is at a low level; most of the ships currently are in port or at anchor. Movements of additional units, particularly submarines from the Northern Fleet, probably are being delayed by the large Warsaw Pact naval exercise that began in the North Atlantic a week ago. [REDACTED]

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Iraq: The new regime is moving slowly to consolidate its position. Iraqi press reports indicate that a number of former ministers prominent in the Arif regime have been arrested, although some have already been released. [REDACTED]

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25X1 Philippines-Malaysia: Philippine President Marcos appears to be resisting strong domestic political pressure to break relations with Malaysia over the Sabah dispute. His emissary provoked the Malaysians into walking out of the Bangkok talks and Marcos now appears to be seeking some means of retrieving the situation. The desire to convince the Philippine electorate that he is protecting Philippine interests, however, could yet bring Marcos to sever relations. [REDACTED]

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[South Africa: The finance minister's statement yesterday that Pretoria has sold gold to both central banks and private buyers is intended to halt the decline in the free market price of gold. Available data does not support his contention that "substantial" sales of South African gold on the free market were a real test of the market's ability to absorb South African gold without major effects on prices. The new South African gold reserve figure, given in the statement, indicates that sales on the free market could not have amounted to more than \$20 million. This is not a sufficient amount to test the free market, or to have had more than a minor role in the current decline in the gold price. South Africa's sales to central banks--all within the past three weeks--consist of \$34 million to Portugal and of about \$42 million to France and the UK, through the International Monetary Fund.

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